

BUDGET OVERVIEW

Budget Overview

February 2013 marked the kick-off of budget preparation with the distribution of a budget calendar and financial data to help departments begin to prepare their budgets. Departments submitted proposed revenues and expenditures for the FY 2013-15 two-year cycle based on service levels and activity goals.

This process, overseen by the City Manager, was completed in May 2013. The City Manager's proposed budget was presented to the City Council and made available to the public on May 21, 2013, with final adoption of the FY 2013-15 budget on June 3, 2013.

Two-Year Budget Preparation Calendar (Revised 4/17/13)

February 25, 2013	<u>FY 2013-14 Budget Process Kick-Off</u> <ul style="list-style-type: none">• Budget Manual and budget preparation packets distributed
Feb. 25 to March 21, 2013	<u>Staff preparation of recommended Departmental budgets</u> <ul style="list-style-type: none">• Revenue forecasting• Disbursement of forms/instructions
April 8, 2013	<u>Departmental Budgets Due (Program and Supply Expenditures)</u>
April 8 to 16, 2013	<u>Budget Reviews with Department Heads</u>
April 15, 2013	<u>Departmental Budget Narratives Due to Budget Team</u>
April 22 – 25, 2013	<u>City Manager Budget Meetings (Internal)</u>
May 6, 2013	<u>City Council Sets Budget Hearing Date at City Council Meeting</u> <ul style="list-style-type: none">• Hearing date is May 21, 2013
May 9, 2013	<u>City Manager & Budget Services Sub-Committee Executive Review</u> <ul style="list-style-type: none">• City Manager budget recommendations to Council• Revenue and Labor cost projections
May 16, 2013	<u>Distribution to City Council</u>
May 21, 2013	<u>City Council Budget Workshop (Public Budget Hearing)</u> <ul style="list-style-type: none">• City Manager Delivers Budget Message• Send out public notice – at least 5 days before hearing• Overview• General Fund• Special Funds• Measure Q Funds• Capital Projects (subject to carryover)



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June 3, 2013	<u>Submission of Budget Resolution for City Council Adoption</u> <ul style="list-style-type: none">• Public Budget Hearing (continued)• Budget Adoption
July 1, 2013	<u>New Fiscal Year Period</u>

BASIS OF BUDGETING

The City of San Pablo budgets using the modified accrual basis plus encumbrances. Under “modified accrual,” amounts are recognized as revenue when earned, only so long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period. Encumbrances outstanding at year-end are re-appropriated in the next year.

A balanced budget is adopted annually, whereby current expenditures are funded from current revenues plus available fund balance or reserves, as appropriate and directed by Council.

BUDGET APPROPRIATIONS

Appropriations are the amounts approved for expenditure by the City Council with the adoption of the annual budget and subsequent budget amendments which are brought to the Council for their approval. Appropriations are separated by object categories within an activity budget. The object categories available are: 1) Salary and Benefits; 2) Service and Supplies; 3) Capital Outlay; 4) Multi-department Expense (i.e. internal services); 5) Transfers; and 6) Expenditure Transfers.

The level of control is established as follows:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen's comments.
3. The budget is legally enacted by City Council resolution.
4. All budget adjustments and transfers between funds and between departments must be approved by the City Council by resolution during the fiscal year. The City Manager and Finance Manager are authorized to transfer any unencumbered appropriations within a department. The legally adopted budget requires that expenditures not exceed total appropriations at the department level within each fund.
5. New programs and new appropriations not anticipated during the budget process also require City Council approval.
6. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except the Low and Moderate Income Housing Assets, Traffic Congestion Relief and HCD Grant Special Revenue Funds and the 2004 Tax Allocation Revenue Bonds Legacy Project Area Debt Service Fund. In addition, the Public Works Construction Capital Projects Fund is budgeted on a project length basis and therefore is not comparable on an annual basis.



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BUDGETARY OVERSIGHT

Budgetary oversight is maintained through monthly revenue and expenditure account reports, which are reviewed by the City Manager and department heads. For the first time, quarterly financial reports will also be provided to the City Council during the course of the fiscal year as an additional enhancement to financial transparency (see Finance Department Major Objectives for FY 2013-15).

A mid-year budget review and adjustment process is completed each January and submitted to the City Council for review and approval in February. Budgetary adjustments are considered within the framework of the adopted budget and the City Council directions, goals and policies. Additionally, a mid-cycle review is held near the end of the first year of the biennial budget to make adjustments for Year 2 of the budget.

BUDGET AMENDMENTS

The budget as adopted by the City Council can be amended at any time during the fiscal year. The need to amend or adjust the budget typically arises in response to unforeseen circumstances or events. For example, the City Council is required to formally recognize the receipt of unanticipated revenue before the City can legally accept and spend new money, such as new grant funds. In other cases, there may be a need to move budgetary funds from one fund to another to cover an unexpected expenditure.

The City Manager is authorized to amend Council-approved appropriations at the activity level if, in the City Manager's opinion, such amendments are necessary and proper. The appropriation adjustment process consists of the following steps:

1. The department prepares an "Appropriation Request/Transfer Form".
2. The request is submitted to Finance Department for review.
3. The request is submitted to the City Manager for approval.
4. Once approved, the request is returned to Finance Department to make the necessary adjustments.
5. The department receives authorization to use the adjusted appropriations.

If the request involves more than one activity or fund, Council approval is required in addition to City Manager approval.

In August/September, staff also requests that the City Council "re-appropriate," prior year unexpended appropriations primarily for capital projects. In addition, staff requests that the City Council take action on final budget amendments to the prior year to assure that prior year's expenditures are within the prior year's Council-approved budget appropriations.



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BASIS OF ACCOUNTING

Governmental funds are reported using the current financial resources measurement focus and governmental and agency funds are reported using modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within forty-five days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures when they are paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and capital leases are reported as other financing sources. Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.



BUDGET OVERVIEW

Description of Funds

MAJOR FUNDS

Major funds are defined generally as having significant activities or balances in the current year. The funds described below were determined to be Major Funds by the City for FY 2013-15. Individual non-major funds may be found in the Supplemental Section.

General Fund

The General Fund is the general operating fund of the City. This fund is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this fund are property taxes, sales taxes, utility users' tax, franchise fees, business licenses, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are made for public safety, recreation, public works, administration, and other services.

Redevelopment Agency Low and Moderate Income Housing

This fund accounts for the twenty percent housing set-aside from the tax increment proceeds from the Tenth Township Project Area and the Legacy Project Area, the Redevelopment Agency's two project areas. This set-aside is required by California redevelopment law, and must be used to provide housing for people with low and moderate incomes.

Low and Moderate Income Housing Assets

This fund accounts for the activities related to the housing assets assumed by the City as the Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

Economic Development Corporation

This fund accounts for the activities of the San Pablo Economic Development Corporation, a nonprofit public benefit Corporation formed in February 2011 by the City and the Redevelopment Agency, established to provide physical, economic and educational development, redevelopment and revitalization efforts within the City.

Redevelopment Agency Projects

This fund accounts for capital projects in the Tenth Township Project Redevelopment Area and in the Legacy Project Redevelopment Area.

Public Works Construction

This fund accounts for the City's major capital improvement projects.



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FIDUCIARY FUNDS

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

Retiree Health Savings Plan Trust Fund

The fund accounts for the accumulation of resources to be used for retiree medical and dental benefit payments at appropriate amounts and times in the future.

Successor Agency to the Redevelopment Agency

The Fund is used to account for the accumulation of resources to pay for activities of the Successor Agency to the former Redevelopment Agency of the City of San Pablo.

SPECIAL REVENUE FUNDS

Gas Tax

This fund accounts for revenues and expenditures received from the State of California under Street and Highways Code Section 2105, 2106, 2107 and 2107.5. The allocations must be spent for street maintenance and construction and a limited amount for engineering.

Public Safety

This fund accounts for sales tax allocations required pursuant to Proposition 172. These funds are used to fund public safety activities.

Street Lighting and Landscaping

This fund accounts for assessments made upon parcels of land within the Street Lighting and Landscaping District and disburses funds in accordance with the provisions of the State of California Streets and Highway Code.

National Pollution Discharge Elimination System (NPDES)

This fund accounts for revenues and expenditures from assessments levied on all real property in the City in compliance with the provisions of the National Pollution Discharge Elimination System.

Development Services

This fund accounts for revenues generated from permit and inspection fees and disburses funds to support this activity.

Measure C / J

This fund accounts for the portion of the half-cent County-wide sales tax levied to fund transportation improvements to local streets.



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Asset Seizures

This fund accounts for revenues received from both adjudicated and un-adjudicated sales of assets seized during drug-related arrests, and disburses these funds for authorized public safety activities.

Paratransit

This fund accounts for revenues received from the portion of the half cent County-wide sales tax levied to fund expenditures for paratransit service.

Law Enforcement Services

This fund accounts for revenues received from the Supplemental Law Enforcement Services Grant, the Local Law Enforcement Block Grant, and court fines.

Traffic Congestion Relief

This fund accounts for the revenues received from the State of California under AB2928. The allocations must be spent on local streets and roads maintenance, rehabilitation and reconstruction projects according to the State's Traffic Congestion Relief Plan.

Housing and Community Development (HCD) Grant

This fund accounts for revenues received under State Housing and Community Development and for CALHOME activities approved and subject to state regulations.

DEBT SERVICE FUNDS

Merged Project Area 1999 Subordinate Tax Allocation Bonds

This fund makes principal and interest payments on the Tenth Township Redevelopment Project Subordinate Tax Allocation Bonds Series 1 999A.

2001 Tax Allocation Revenue Bonds Tenth Township Project Area

This fund makes principal and interest payments on the Tenth Township Redevelopment Project Area's Tax Allocation Revenue Bonds Series 2001.

2004 Tax Allocation Revenue Bonds Legacy Project Area

This fund makes principal and interest payments on the Legacy Redevelopment Project Area's share of the Tax Allocation Revenue Bonds Series 2004.

2004 Tax Allocation Revenue Bonds Tenth Township Project Area

This fund makes principal and interest payments on the Tenth Township Redevelopment Project Area's share of the Tax Allocation Revenue Bonds Series 2004.

2006 Subordinate Tax Allocation Bonds Tenth Township Project Area

This fund makes principal and interest payments on the Tenth Township Redevelopment Project Area's Subordinate Tax Allocation Bonds Series 2006.



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AGENCY FUNDS

GASB Statement 34 requires that Agency Funds be presented separately from the Government-wide and Fund financial statements. Agency Funds account for assets held by the City as an agent for individuals, governmental entities and non-public organizations.

Town Center Special Assessment District

This fund accounts for Town Center Special Assessment District special assessment collections and debt service payments.

Oak Park Special Assessment District

This fund accounts for Oak Park Special Assessment District special assessment collections and debt service payments.

Community Organizations and Activities

This fund accounts for deposits held as an agent for community organizations and activities.

West Contra Costa Transportation Advisory Committee

This fund accounts for assets belonging to the West Contra Costa Transportation Advisory Committee held as an agent by the City, which maintains the Committee's books and accounts.



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Budgetary Assumptions FY 2013/15

1. All salaries budgeted at top step, including vacant positions. Salaries also include in-lieu benefits, cell phone stipends, and other special wages.
2. Per current MOU's, a 2.0% COLA for salaries is included in Year 1 for miscellaneous; 3.0% for sworn; 0.0% for part-time. No increase is included in Year 2.
3. All benefits and insurances are based on actual cost plus an inflationary factor in Year 1. Costs are frontloaded in Year 1 with no increases included in Year 2. Adjustments will be made at mid-cycle. Vacant positions are budgeted at two-party coverage.
Year 1 health insurances are budgeted as follows:
 - Medical Rates: Increase by 14%.
 - Dental Rates: Increase by 7%.
4. No increase is currently included in Year 2 in retiree health benefits. Adjustments will be made at mid-cycle. Retiree health benefits amount to approximately \$378,000 in FY 13/14.
5. Pension rates are calculated at the PERS projected amounts for San Pablo as follows:

PERS Rate Increases

Fiscal Year	Miscellaneous	Sworn
FY 13/14	14.99%	26.3%
FY 14/15	16.0%	28.1%

These new PERS rates do not include increases due to changes in actuarial smoothing and amortization. These large increases will first impact the City in FY 15/16. In preparation for that increase, \$150,000 is budgeted in Year 2.

6. Worker's Compensation insurance is budgeted for the first time in several years at \$342,000 in Year 1 and Year 2. In the last budget cycle, the City received rebates of premium from MPA, resulting in an effective expense of \$0.00.



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Gann Appropriations Limit - FY 2013/14

Article 13 B of the California Constitution specifies that appropriations made by State and Local Governments may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment roll due to local nonresidential construction.

The State of California Department of Finance provided information showing San Pablo's population change in 2012/2013 was 0.44%, Contra Costa County's population change was 0.77% and California's per capita personal income change was 5.12%. By choosing the County's population change, a larger appropriation limit is calculated.

Converting the above factors (population increase of 0.77% and per capita personal income increase of 5.12%) results in the following: $1.0077 \times 1.0512 = 1.0593$

Multiplying the 2012/2013 Appropriation Limit of \$33,294,310 (see below) by 1.0593 results in a FY 2013/2014 Appropriation Limit of \$35,268,471. This limit applies only to the expenditures funded by "proceeds of taxes", as defined by the Constitution, not to user or regulatory fees. Proceeds of taxes are revenues such as property taxes, sales taxes, utility user taxes, business license fees, state subventions such as motor vehicle in-lieu, mandated costs reimbursements, etc.

Calculation of Annual Appropriation Limits						
2003/2004 Appropriation Limit	\$	22,505,508	X	1.0377	\$	23,353,965
2004/2005 Appropriation Limit	\$	23,353,965	X	1.0444	\$	24,390,881
2005/2006 Appropriation Limit	\$	24,390,881	X	1.0650	\$	25,976,793
2006/2007 Appropriation Limit	\$	25,976,793	X	1.0500	\$	27,275,633
2007/2008 Appropriation Limit	\$	27,275,633	X	1.0560	\$	28,803,068
2008/2009 Appropriation Limit	\$	28,803,068	X	1.0571	\$	30,447,723
2009/2010 Appropriation Limit	\$	30,447,723	X	1.0267	\$	31,260,678
2010/2011 Appropriation Limit	\$	31,260,678	X	0.9854	\$	30,804,272
2011/2012 Appropriation Limit	\$	30,804,272	X	1.0330	\$	31,820,605
2012/2013 Appropriation Limit	\$	31,820,605	X	1.0463	\$	33,294,310
2013/2014 Appropriation Limit	\$	33,294,310	X	1.0593	\$	35,268,471



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Chart of Accounts

SALARIES AND BENEFITS		
41000	Salaries	Salaries and wages paid for services rendered by full-time employees.
41001	Part Time Salaries	Wages paid for services performed by part-time, temporary and intermittent employees.
41002	Overtime	Fees paid in addition to regular salaries and wages for services performed in excess of regular work hour requirements.
41305	Holiday Pay	Compensation for holidays worked when business may be closed.
41900	Benefits	Employees benefit costs and insurance. Costs included are worker's compensation, retirement, health and dental insurance, liability insurance, unemployment insurance, vision care, disability insurance, Medicare, PARS deferred compensation plan, life insurance, benefits in-lieu, medical insurance for retirees, employee assistance program and cafeteria plan fees (see following page).
SERVICE AND SUPPLIES		
42000	Uniform / Safety Equipment	Uniforms, shoes, etc. required to be worn exclusively while carrying out the duties and responsibilities of the position and which are different from the general public. Personal protective equipment (PPE) or other attire worn to protect the employees' health and welfare.
42001	Communications	Costs for telephone, VoIP phone system, Wi-Fi access, and other communication costs that are essential to the operations.
42005	Network Applications & Maintenance	Costs related to the purchase, maintenance and/or replacement of hardware and software that comprise the network.
43000	Vehicle/Equipment Maintenance	Includes all services required in the maintenance of all vehicles, equipment, machinery, etc.
43100	Gasoline/Diesel	Costs for fuel required to power vehicles and/or equipment necessary to program operations.
43300	Memberships & Subscriptions	Costs related to memberships and subscriptions for professional organizations of the various individual City disciplines.
43500	Program Costs & Supplies	Miscellaneous supplies which are essential for specific, program-related projects but not essential for general day-to-day operations of the organization.
43510	Meeting & Sundry Supplies	Consumable, overhead commodities having a useful life of one (1) year or less, which are essential for accomplishing daily operational tasks and related meetings or projects.
43520	Copies/Printing/Shipping/Xerox	Includes printing, duplicating, and finding of books, pamphlets, newsletters, and other reading material; costs related to mailing and shipping, including United States Postal Service, UPS and/or FedEx.
43530	Equipment < \$5,000	Items necessary for maintenance or program responsibilities. Cost for equipment is less than \$5,000.
43550	Central Office Supplies	Standard office supplies and material required for day-to-day use in the office.



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43600	<i>Professional Services</i>	Payments made to individuals, companies or organizations that provide professional, scientific, or technical services. Includes any services that are above or beyond the capacity or capability of the City to perform itself or are out of the City's purview, and are performed by individuals who are not City employees (e.g. consultants, trainers, evaluator, therapists, and social workers). This includes services performed on a non-recurring basis, such as auditing, accounting, special legal services and other individual on-time services.
43610	<i>Casino San Pablo Background Investigations</i>	Costs associated with conducting background investigations on Casino employees, purchase of miscellaneous equipment, etc.
43700	<i>Publications & Legal Notices</i>	Costs associated with communicating information about public hearings, court actions, bids and proposals, unclaimed property, liens, zoning ordinances.
43800	<i>Equipment Rental</i>	Rental of large or complex or special equipment and/or machinery. May include special construction equipment, tools, lighting, tents, stereo and speakers, etc.
44000	<i>Special Department Expense</i>	Special expenses incurred in connection with work-related responsibilities or official functions not generally supported by City General Funds; miscellaneous expenses not covered in the other classifications.
44050	<i>Community Grants & Special Events</i>	Funds allocated for specific community grants and/or related costs for purchases associated with special events.
44100	<i>Pre-Employment Expenses</i>	Costs related to the recruitment for full-time and part-time positions, including newspaper advertisements; participation in job-fairs; cost or rental of testing materials; pre-employment physical examinations; fingerprints; psychological tests; polygraphs; background checks; and oral board refreshments and lunches.
44320	<i>Training & Travel</i>	Costs directly related to travel and training such as registration fees, trainer costs, conferences, etc. related to staff development and/or agency capacity building; transportation, meals and lodging expenses incurred by the employee in the performance of official duties.
44400	<i>Utilities</i>	Electricity, natural gas, water and sewage services.
44450	<i>Property, Fire & Flood Insurance</i>	Costs that are paid to the Municipal Pooling Authority (MPA) for necessary City insurances.
46100	<i>Improvements</i>	Facility improvements that are not considered part of general maintenance and cost more than \$5,000.
46300	<i>Equipment</i>	Vehicles and other large equipment purchases costing more than \$5,000.



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Employee Benefits & Insurance

As a member of the Municipal Pooling Authority (MPA), the City is self-insured for the following insurance benefits: Workers Compensation, Dental, Long-Term Disability, Life, Liability, and a Wellness Program. Rates are established by the Board of Directors. All employee insurance costs are charged directly to the department or division to which the employee is assigned.

Worker's Compensation/Wellness (41105)

Worker's Compensation insurance covers employees in case of occupational injury or illness for which the employer is liable without regard to negligence. The Wellness program promotes a healthy-living style.

PERS Retirement (41200)

This account reflects the total cost to the City for membership in the Public Employees Retirement System (PERS). PERS costs are based upon gross salaries and the benefit amount, with costs being assigned by State law to both employers and employees. For the 3% at 50 benefit, safety employees pay the full 9% of the employee portion plus 3.3% of the employer portion (12.3% total), while miscellaneous employees contribute the full 8% of the miscellaneous employee share of PERS plus 2.3% of the employer portion (total 10.3%) to receive the 2.5% at 55 benefit. Employees hired after January 1, 2013 and who have not been active PERS members for the previous six months prior to their hire date, will receive 2% at 62 and will pay 6.25%.

Health Insurance (41310)

The City provides health insurance coverage to all its full-time employees and their dependents. The health insurance program is administered by PERS where a variety of medical plans are available for the employee's selection. For those employees on the Kaiser medical plan, the employee pays the first \$150 of the premium while the City covers the rest. Employees selecting any other medical plan split the cost 80/20, with the employee picking up the 20%.

Health and Dental Insurance – Retirees (41311)

The City pays 100% of the medical insurance costs for some of its retirees on a reimbursement basis. Other retirees get a portion of their medical coverage reimbursed, while the City assumes a graduating percentage of this cost each year, until the City pays equal shares for active and retired workers. Several retirees are also entitled to dental insurance benefits per individual retirement contracts.

Dental Insurance (41400)

The City provides full dental insurance coverage for its employees and their eligible dependents, including 50/50 orthodontia plan.



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Vision Care / Co-Pay Rebate Program (41500)

With the exception of the Police MOU, the City's labor agreements provide reimbursement up to a fixed amount for employees and their dependents in vision care and unreimbursed medical expenses each year in lieu of vision insurance. For the San Pablo Police Employee Association the vision care and unreimbursed medical expense benefit is paid directly to the Association in early January.

Long Term Disability Insurance (41800)

The City provides disability insurance for all its employees. The plan pays a disabled employee two-thirds of his/her salary after a 30-day waiting period.

Medicare Tax (41900)

As of April 1, 1986, all new hires must be covered by Medicare. This cost is 2.9% of gross salary with one-half paid by the employer and the other half by the employee.

Public Agency Retirement Services (PARS, 41205)

Federal statute requires all employees not covered by a qualifying retirement system to be covered by Social Security. In the past all part-time and seasonal employees were covered by Social Security at a cost of 6.2% of gross salaries, with both employers and employees contributing to this rate. On March 17, 2008, the City Council approved PARS as an alternate retirement system for part time employees, instead of Social Security. Effective July 1, 2008 all part-time employees will be enrolled in PARS.

Employee Assistance Program (EAP, 41903)

The City provides personal counseling services—up to a maximum of eight annual visits to all employees and their eligible dependents—through an employee assistance program.

Life Insurance / ADD (41904)

The City provides varying levels of life insurance for its employees, with most employees receiving a \$60,000 life insurance policy with an additional \$60,000 coverage for accidental death and dismemberment (ADD). Additional or dependent life insurance may be purchased at the employees' option and cost.

Benefits In-lieu (41905)

The City will pay an in-lieu amount of \$500 for two-party or family coverage and \$350 for single coverage to those employees who can demonstrate that they are adequately covered with medical insurance by another source.



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Bonds (41906)

The City purchases a fidelity bond that covers all of the City employees. The coverage is \$500,000 per loss with a \$5,000 deductible.

Cafeteria Plan Fees

An administrative fee is charged by the trustee of the Cafeteria Plan. At present, all administrative fees are being paid from forfeited funds.

Liability Insurance/ERMA (41911)

The liability insurance premium is based on a formula which includes payroll costs, an experience modifier and a premium rate of \$2.90 per \$100 of payroll. The City pays the first \$10,000 for every claim as its deductible.

Employment Risk Management Authority (ERMA) is administered through Municipal Pooling Authority (MPA) and provides training to supervisors and legal defense against lawsuits due to the actions of our employees. In addition, there is employment liability coverage with a limit of \$10,000,000 and a \$100,000 deductible. Cost is included in the liability premium.

Unemployment Insurance (41912)

Unemployment Insurance is mandated by the State of California. Costs are based upon the City's prior year experience, and is determined utilizing the direct-cost reimbursement method.

Educational Incentive (41915)

The City's M.O.U.'s provide that employees may take educational courses which are job related; the City will then reimburse the employee's tuition and books, up to a maximum amount of \$5,250 per calendar year as allowed by federal law.

Cell Phone Stipend (41990)

The City has established a Cellphone/Smartphone stipend program to reimburse City employees for the use of their personal Cellphone and Smartphone for conducting City business. Reimbursements amount range from \$15 to \$50 per month.



BUDGET OVERVIEW

Measure Q Reporting Requirements

DATE: May 20, 2013

TO: Matt Rodriguez, City Manager

FROM: J. Kelly Sessions, Finance Manager

RE: Measure Q Reporting Requirements

To ensure appropriate usage of Measure Q funding, Section 3.25.140 of the Municipal Code requires that the city establish a separate oversight committee and that the city's independent auditors "complete a report reviewing the collection, management and expenditure of revenue from the tax levied by this chapter" by the end of the fiscal year. These provisions not only provide safeguards to Measure Q revenues, but they also give the City Council opportunity to review the oversight committee's report and make budgetary and programmatic recommendations at a public meeting "as part of each annual budget process."

The Measure Q Committee has been appointed and their first meeting is tentatively scheduled for September 2013. At that time, the Committee will review the Measure Q results and will issue a report to the City Council.

Independent auditors, however, have not been able to review Measure Q funds, because the fiscal year has not ended and because audits always look backwards rather than forwards. Staff, therefore, plans on appointing the independent auditor during August or September 2013 to complete the FY 2012/13 report.

At this time, to aid the City Council and the public in considering this fiscal year's budget, the following Measure Q information is provided below, as reported by Hinderliter de Llamas (HdL), the City's sales tax consultant:

- Measure Q revenues received for the 4th Quarter of calendar year 2012 total \$249,231.
- FY 2012/13 end of year projections for Measure Q equal \$476,000.
- The HdL projection for FY 2013/14 and 2014/15 has been set at \$1,045,000.

These amounts are also included in the FY 2013/15 Proposed Budget. Upon completion of the forthcoming Measure Q audit, the City Council will be advised and may act on any recommendations to revise the budget based on the audit.



BUDGET OVERVIEW

Resolution 2013-087

RESOLUTION 2013-087

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO ADOPTING THE BIENNIAL BUDGET FOR THE FISCAL YEAR 2013-15.

WHEREAS, the City Council of San Pablo has reviewed the proposed 2013-15 Biennial Operating Budget in detail at a Council session; and

WHEREAS, the governing board of the City has called for a public hearing to receive public input; and

WHEREAS, the City Council has conducted a noticed public hearing on May 22, 2013, to receive public input on the proposed 2013-15 Biennial City budget.

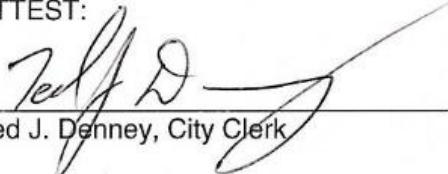
NOW THEREFORE, BE IT RESOLVED by the City Council of the City of San Pablo that the 2013-15 Proposed Biennial City budget is approved.

BE IT FURTHER RESOLVED that the foregoing recitations are true and correct, and are included herein by reference as findings.

ADOPTED this 3rd day of June, 2013, by the following vote to wit:

AYES:	COUNCILMEMBERS:	Valdez, Kinney, Chao Rothberg, Morris and Calloway
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	None
ABSTAIN:	COUNCILMEMBERS:	None

ATTEST:


Ted J. Denney, City Clerk

APPROVED:


Genoveva Garcia Calloway, Mayor



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